INDIA'S BOP POSITION

2614. SHRI MURLIDHAR CHANDRAKANT BHANDARE : Will the Minister of FINANCE be pleased to state :

(a) India's balance of payment position during the last three years;

(b) whether there has been any improvements in the Balance of Payments situation;

(c) if so, the details thereof;

(d) what has been the contribution of invisibles; and

(e) if not, the steps taken to improve the earnings from invisibles ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) to (c) The current account deficit of balance of payments improved from US $ 9.7 billion (3.3 per cent of GDP) in 1990-91 to US $ 2.1 billion (0.9 per cent of GDP) in 1991-92 but rose to US $ 4.9 billion (2.1 per cent of GDP) in 1992-93. The official reserves which recorded a drawdown of US $ 1278 million during 1990-91, were built up by $ 3575 million during 1991-92 and $ 728 million during 1992-93.

(d) and (e) Net invisibles showed a deficit of US $ 242 million in 1990-91, US $ 11 million in 1991-92 and US $ 815 million in 1992-93. The invisibles account is likely to continue to be in deficit for some time mainly due to the large investment income payments including interest payments on India's past external borrowings.

BUDGET ESTIMATES OF CENTRAL REVENUES COLLECTION

2615. DR. NAUNIHAL SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that for the second consecutive year, Government's budget estimate of Central revenue collections in 1993-94 are going haywire, if so, the details thereof ;

(b) what is the expected shortfall that is likely to occur during the current year, as compared to the revised estimates; the details;

(c) whether it is a fact that recovering the amount of gap and maintaining the projected growth rate in revenue collection in the second half of the year is likely to be difficult; if so, the reasons; and

(d) what steps Government have taken or propose to take to ward off such a predicament ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (d) The revised estimates for 1993-94 have not yet been formulated. The revenue collection from major direct taxes namely, income tax and corporation tax is marginally up by 0.52 per cent while the collection from customs and central excise duties is short by (—) 6.20 per cent during April-November, 1993 over April-November, 1992. However, all possible efforts would be made to maximize the revenue collections during the remaining part of the year to achieve the estimates.

REORIENTATION OF ECONOMY BY FICCI

2616. SHRI RAJNI RANJAN SAHU : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Federation of Indian Chambers of Commerce and Industry at its annual general meeting demanded reorientation of economy to raise the rate of growth between 10 to 12 per cent and restructuring of capital market to help the industry meet international competition to reduce the minimum lending rate and to reduce the SLR

(b) if so, what precise demands were made by the FICCI; and

(c) what is the Government's response thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) In the theme paper entitled 'Agenda for Dynamic Economic Growth prepared for Annual General Meeting, Federation of Indian Chambers of Commerce and Industry has made several suggestions including inter-alia on reforms relating to the capital market. The major suggestions made are as under :

—Financial sector reforms should aim at restructuring and increased commercialisation o the public sector banks, greater participation of the private sector, reductions in reserve requirements, reform of the direct credit system and more flexible interest rate policy.

—Funds locked up in low yielding CRR and SLR can be released by reduction in CRR and SLR rates over the next couple of years.

—To put the capital market on a firmer foundation, it is essential that SEBI guidelines are implemented and followed in letter and spirit.

— For tax policy, a broad-based tax on final consumption such as value Added Tax levied at single rate should be introduced to ensure neutrality.

—The domestic prices need to be kept below international level for a long period to retain competitive edge in the world market.

—To be suggessful in the global market, it is essential to "pick winners". They should be provided support through access to credit, duty free import of equipment, insurance and transport preferences.

—Transformation has to be radical, on the infrastructural and industrial fronts. Foreign investment flows have to be accelerated.

—Following are areas which were by-passed in reform process :

Agriculture;
Distributive trade; and
Education

These have to be brought into the ambit of reform package.

—Adjustments to the tax structure need to be made in a manner that facilitate export performance.

—Fiscal adjustments must continue at all levels of the public sector, primarily through structural expenditure reform instruments and through the adoption of policies which promote an orderly adjustment of public enterprises.

(c) The suggestions made by FICCI, other Association and individuals are kept in view while formulating Government economic policies.

ACCESS OF PUBLIC SECTOR BANKS TO CAPITAL MARKET

2617. SHRI RAJNI RANJAN SAHU : Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to dilute Government's holding in Public Sector banks for giving them greater access to capital market; and

(b) if so, what are the details thereof indicating the contemplated revised structure of these banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) Nationalised Banks which are in a position to do so, will be allowed to access the capital market to raise